

II. Grounds For Waiver Request

Several years ago, CTC, the interexchange carrier subsidiary of Citizens Utilities Company, embarked upon a major expansion of its long distance services beyond the central serving areas ("CSAs") of its affiliated Incumbent Local Exchange Carriers (the "Citizens ILECs"). However, diseconomies of scale and operational problems have since dictated a retrenchment of the geographic scope of that service and concentration upon serving areas that the company can serve best – the CSAs of the Citizens' ILECs.

CTC and Alliance have entered into an agreement, subject to regulatory approval, for the transfer of CTC's "out-of-CSA" business customer base to Alliance. Rather than simply terminating service after provision of notice to the affected customers, CTC contracted with Alliance to continue service after CTC withdraws from the affected areas. CTC believes that many customers, after receiving notice, might not take affirmative action to switch to a new carrier, leaving them with no long distance carrier on the date that CTC terminates service.

CTC and Alliance sent each affected customer a copy of the letter attached as Exhibit 1 hereto. The letter advises the customers of the pending transfer to Alliance, the benefits of staying with Alliance after all regulatory approvals are obtained and CTC's service terminates, and the fact that the customer may elect to choose a new long distance carrier at any time if it does not want to use Alliance.

Prior to receipt of the necessary regulatory approvals and the actual transfer, Alliance will act as CTC's underlying, facilities-based carrier in serving these customers. Further, it will act as CTC's agent in customer service and billing. Finally, Citizens will amend its tariffs to provide these customers with rate levels and service plans equal to those of Alliance. Alliance's rates are

lower than CTC's rates, and Alliance is in a better operational position to meet the needs and requirements of the customer base.

III. Argument

The law governing the Commission's grant of rule waivers is well established. The Commission may exercise its discretion to waive a rule of general application where the particular facts make strict compliance with the rule inconsistent with the public interest. A party requesting a waiver must show that the underlying purpose of the rule would not be served or would be frustrated by strict application in its particular circumstances, or, because of unique or unusual factual circumstances, application of the rule would be inequitable, unduly burdensome or contrary to the public interest, or that the applicant has no reasonable alternative. Waiver of a Commission rule is appropriate if special circumstances warrant deviation, and that deviation will better serve the public interest than adherence to the general rule.²

In the CTC-Alliance transaction, the affected customers have already been notified of what is happening and have been advised of their rights. The carrier that affected customers may decide to stay with – Alliance – is better able to meet their needs, at lower rates, than is CTC. Finally, CTC would prefer to avoid the alternative of simply notifying customers to go elsewhere or lose long distance service. CTC and Alliance believe that the method of transferring customers delineated in this petition meets all of the policy goals of the Commission's carrier change notification and verification requirements with maximum public notice and minimum public burden.

² WAIT Radio v. FCC, 418 F. 2d 1153, 1157-1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972); Northeast Cellular Telephone Co. v. FCC, 897 F. 2d 1164, 1166 (D.C. Cir. 1990).

IV. Conclusion

For the reasons set forth herein, CTC and Alliance submit that good and sufficient cause exists for waiver of the Commission's carrier change notification and verification requirements. Strict enforcement of those requirements is, under the circumstances, burdensome and unnecessary and would not, in any event, be more efficacious than what is proposed in this Joint Petition. Accordingly, the parties request that this Joint Petition be granted.

Respectfully submitted,

CITIZENS TELECOMMUNICATIONS
COMPANY

By: Richard M. Tettelbaum

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ALLIANCE GROUP SERVICES,
INC.

By: Mark J. Thomas

Mark J. Thomas
President and COO

1221 Post Road, East
Westport, CT 06880

May 21, 1999



May 7, 1999

Dear Citizens Long Distance Customer:

We have exciting news to report! Citizens Communications has entered an agreement with Alliance Group Services, Inc., to offer you improved Long Distance service. Over the next few months you'll notice some positive changes as a result of this agreement including:

- Platinum Service – Knowledgeable customer service representatives will be able to quickly identify and resolve any network or billing issues.
- Reduced rates* – Put your savings back into your business' growth!
- A new bill – The new bill format will be easy-to-read and understand and will indicate that payments will be remitted to Alliance Group Services, Inc.
- Clear, dependable connections via the Alliance Enhanced Network.
- New services – Beginning soon you will be introduced to new plans and products that match your company's communications needs.
- Calling Card – We are enclosing a sticker for you to attach to your Citizens calling card. It has new easy-to-use instructions along with a new customer service number. Your calling card number has stayed the same. These new dialing instructions will be effective as of May 23, 1999.

Our agreement with Alliance has allowed us to move you to an enhanced network. This will result in a message appearing on your local phone bill that your Primary Interexchange Carrier has changed. You will also notice the clear reliable service. This change will be transparent to you, with no interruption in your services! Another enhancement includes a new bill and customer service phone numbers which will be sent to you at the end of June. Please take some time to carefully review your first new bill when it arrives.

You will automatically be switched to Platinum Service after May 14, 1999. While we are confident you will appreciate the exciting benefits of our new Platinum Service you do, of course, have the right to switch your long distance carrier at any time. If you decide to do so after May 14, you must notify Citizens or you will be switched back to Citizens Long Distance service. This action is necessary so that your upgrade to Platinum Service does not interfere if you decide to switch to a new carrier.

Pending regulatory approval, Alliance will be taking over your account. In the meantime, if you have any questions about becoming a Platinum customer, please speak with a Citizens Communications customer service representative at (800) 726-3539.

Sincerely,

L. Todd Wells
Vice President of Strategy and Planning
Citizens Communications

Mark J. Thomas
President / COO
Alliance Group Services, Inc.

* The vast majority of customers rates will decrease, individual impact may vary.